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## Mexico

**Post:** Mexico

### Grain and Feed April Update

**Report Categories:**

Agriculture in the News

Grain and Feed

Policy and Program Announcements

Sanitary/Phytosanitary/Food Safety

Pest/Disease Occurrences

FAIRS Subject Report

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**Report Highlights:**

New industry information suggests greater volumes of domestic wheat were used in feed formulations during marketing years (MY)2009/10 and MY2010/11. The total wheat equivalent import and export estimate was revised upward from the Post/Old estimate due to newer information for wheat, wheat flour, and dry pasta trade. New policy announcements on domestic support for corn flour millers and users as well as on the domestic rice disease situation were published over the past 2 weeks. Tortilla prices have continued climbing since the beginning of the 2011 calendar year.

**General Information:****WHEAT****Production**

Post/New total wheat production and harvested area estimates remain unchanged from Post/Old estimates published in the mid-March 2011 GAIN report [MX1017](#) *February Freeze Impacts Marketing Year 2010/11 Crop Production Forecast*.

**Consumption**

The Post/New MY2009/10 wheat consumption estimate for feed and residual use has been revised upwards from 250,000 metric tons (MT) to 500,000 MT based on new information from industry sources. Similarly, the Post/New MY2010/11 wheat consumption estimate for feed and residual use has been revised upward by 50,000 MT to 400,000 MT based on this new information. The increased consumption estimates reflect information suggesting that prices favored using increased volumes of feed quality wheat for Mexico's domestic animal husbandry sector. Moreover, for MY2010/11, sources stated that due to lower domestic corn production, feed manufacturers might substitute domestic durum into feed formulas rather than sorghum because of its higher nutritional value.

**Trade**

The Post/New total wheat import forecast for MY2009/10 has been revised upward from USDA/Official data slightly. The demand estimate is significantly greater from Post/Old estimate as additional harmonized tariff system (HTS) codes were added in the Post/New import analysis. The Post/New estimate for MY2010/11 imports remains unchanged from USDA/Official and Post/Old estimates. New data suggests, however, that the United States will not be the sole supplier during the marketing year as Mexican statistics suggest Canada was able to export wheat and competitive prices during the first months of the MY2010/11, but that volumes have steadily been decreasing as the MY progressed.

The Post/New total wheat export estimate for MY2009/10 is identical to USDA/Official data. The estimate has been raised, however, in comparison with Post/Old estimates as HTS codes were added into Post's export analysis. The Post/New estimate of MY2010/11 wheat exports have been increased from USDA/Official and Post/Old estimates as Mexico is continuing to export wheat flour and dry pasta to the world.

NOTE: HTS Codes 1001, 1101, 190219, 190230, and 190240 are used in trade analysis. Data for HTS codes 1101, 190219, 190230, and 190240 for wheat flour and wheat products are multiplied by 1.368 to calculate a wheat grain equivalent unit.

**Stocks**

As a result of new trade information, above, the Post/New MY2009/10 ending stocks estimate has been lowered from the USDA/Official estimate. This carryover into MY2010/11 along with lower estimated production levels from USDA/Official statistics results in lower ending stock estimates for MY2010/11, as well.

**CORN**

## Policy

On April 26, 2011, Mexico's Secretariat of Economy (SE) [announced](#) the most recent operational guidelines in the Federal Register (*Diario Oficial*) establishing the mechanism by which SE will provide economic support to the *nixtamal* (corn flour) milling industry through the PROMASA program for fiscal year 2011 (January to December). In order to achieve the general objectives of the PROMASA program, SE will provide support for production of up to 300,000 MT of *nixtamal* dough. The support per kilogram of *nixtamal* dough for tortillas will be determined as follows:

Support of 0.60 pesos per kilogram of *nixtamal* dough, to small and medium enterprises,  
Support of 0.50 pesos per kilogram of *nixtamal* dough, to low-income consumers (REPECO)

PROMASA grants these supports understanding that every kilogram of corn produces 1.8 kilograms of *nixtamal* dough, requires 0.0035 liters of gas and 0.040 kilowatt hours of electricity.

Please see 2010 GAIN Report [MX0049](#) *Mexico Announces Support Program for Corn-Dough* for additional information on this support program.

## Corn and Tortilla Prices

As U.S. No. 3 yellow corn prices began moving higher in the second half of 2010, Mexico's white corn and tortilla prices increased only modestly. However, after the freeze in northern Mexico in early February, white corn prices spiked higher (see Figure 1). Tortilla prices remained flat through 2010. Since the beginning of 2011, however, tortilla prices have exhibited a noticeable upward trend. Possible causes for the lower rate of increase in tortilla prices in comparison with global commodity prices in past years could stem from the hedging programs instituted by the GOM as well as domestic support programs for producers and the tortilla manufacturing industry.

A note about the graph: Mexican tortilla and white corn prices are recorded by the Secretariat of Economy in pesos per kilogram at wholesale markets throughout the country. The prices in the figure are nominal prices converted to U.S. dollars per metric ton by using Bank of Mexico exchange rate date for each of the tortilla and corn price data points. There is one data point for each week of each month for the year. The corn component of the national average tortilla price is calculated using industry information that suggests every metric ton of corn produces 1.4 MT of tortillas. The U.S. No. 3 yellow corn price is from the International Grains Council.

Figure 1. Mexico: Corn and Tortilla Prices Trend Upward Near the End of 2010 and early 2011

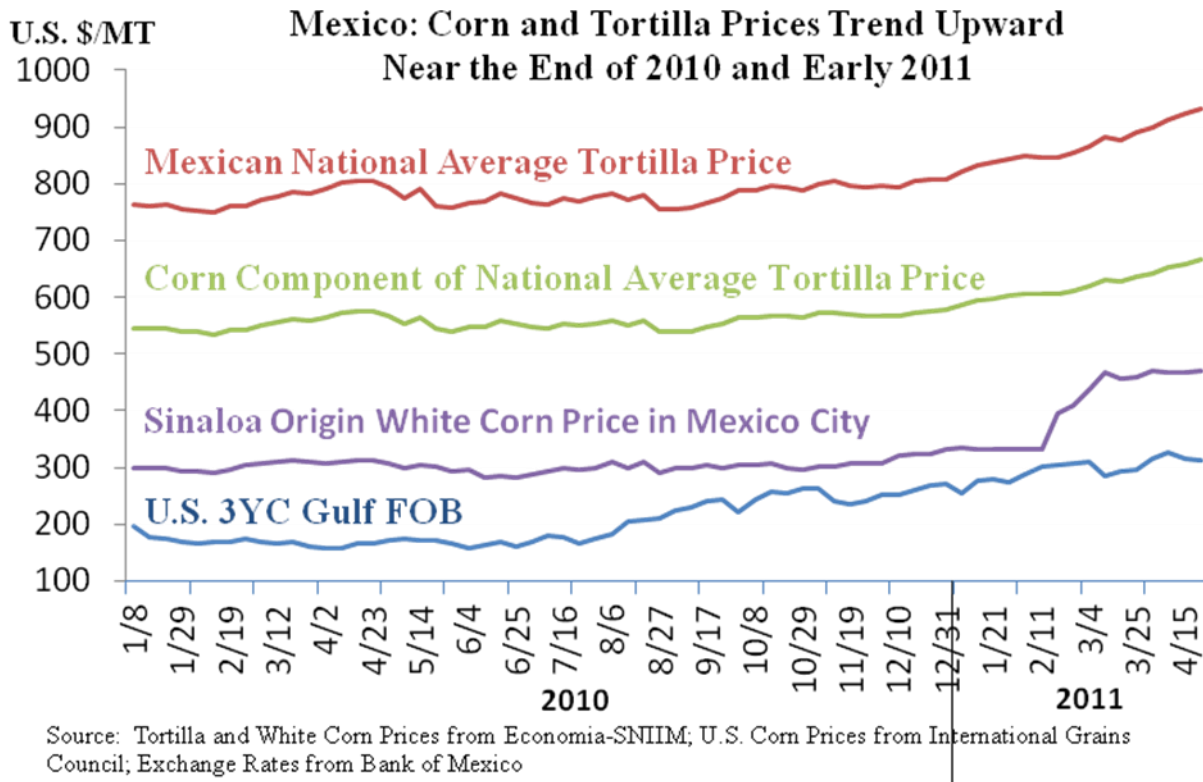


Table 1. Mexico: Nationwide Average Tortilla Prices in Dollars Per Metric Ton in Retail Stores

Week of Month	2010	2011
First Week of January	763	822
First Week of February	754	848
First Week of March	771	866
First Week of April	790	899
First Week of May	775	
First Week of June	765	
First Week of July	766	
First Week of August	784	
First Week of September	754	
First Week of October	788	
First Week of November	801	
First Week of December	795	

Source: Economia-SNIIM

## RICE

### Policy

On April 21, 2011, the Secretariat of Agriculture, Livestock, Rural Development and Fishery (SAGARPA) published in Mexico's *Diario Oficial* a [draft amendment](#) to the Mexican Official Standard establishing foreign quarantine requirements designed to prevent the introduction of rice pests (NOM-013-FITO-1995). This amendment states that *Tilletia barclayana* (false smut) exists in Mexico and, consequently, would allow elimination of the requirement that U.S. rice exports be treated with methyl bromide (see 2010 GAIN report [MX0089](#) *December Grain and Feed Update* and 2009 GAIN reports [MX9003](#) *Rice Instructions* and [MX9007](#) *2009 Grain and Feed Annual*). Specifically, this notice states that the false smut for rice should be eliminated from the quarantine pests listed under paragraph 4.1 Products of absolute quarantine of the NOM-013-FITO-1995.

### Production Supply and Demand Statistics

**Table 2. Mexico: Wheat Production, Supply and Demand for MY 2009/10 to 2011/12**

Wheat Mexico	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	870	828	742	686		800
Beginning Stocks	315	315	922	555		475
Production	4,300	4,148	3,900	3,650		4,100
MY Imports	3,196	3,231	3,500	3,500		3,100
TY Imports	3,196	3,231	3,500	3,500		3,100
TY Imp. from U.S.	2,152	2,242	0	2,900		3,000
Total Supply	7,811	7,694	8,322	7,705		7,675
MY Exports	839	839	700	830		800
TY Exports	839	839	700	830		800
Feed and Residual	250	500	350	400		250
FSI Consumption	5,800	5,800	6,000	6,000		6,200
Total Consumption	6,050	6,300	6,350	6,400		6,450
Ending Stocks	922	555	1,272	475		425
Total Distribution	7,811	7,694	8,322	7,705		7,675
Yield	5.	5.0097	5.	5.3207		5.125

**For More Information**

FAS/Mexico Web Site: We are available at [www.mexico-usda.com](http://www.mexico-usda.com) or visit the FAS headquarters' home page at [www.fas.usda.gov](http://www.fas.usda.gov) for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work

<http://www.youtube.com/user/ATOMexicoCity>

Report Number	Subject	Date Submitted
<a href="#">MX1017</a>	2011 Grain and Feed Annual	3/14/2011
<a href="#">MX1012</a>	Hard Freeze Damages Sinaloa Corn and Produce	2/11/2011
<a href="#">MX1006</a>	January Update for Corn and Rice	1/28/2011
<a href="#">MX0094</a>	Tortilla Price Crisis... To Be Determined	12/15/2010

Useful Mexican Web Sites: Mexico's equivalent to the U.S. Department of Agriculture (SAGARPA) can be found at [www.sagarpa.gob.mx](http://www.sagarpa.gob.mx) , equivalent to the U.S. Department of Commerce (SE) can be found at [www.economia.gob.mx](http://www.economia.gob.mx) and equivalent to the U.S. Food and Drug Administration (SALUD) can be found at [www.salud.gob.mx](http://www.salud.gob.mx). These web sites are mentioned for the readers' convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.